

**CARLISLE COMMUNITY SCHOOL DISTRICT
CARLISLE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

JUNE 30, 2011

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CARLISLE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
John Judisch	President	2013
Rob Joiner	Vice President	2011
Michelle Tish	Board Member	2011
Susan James	Board Member	2013
Mark Cowan	Board Member	2013
<u>School Officials</u>		
Dr. Tom Lane	Superintendent	2013
Jean Flaws	District Secretary/Treasurer	2011
Ron Peeler	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Carlisle Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carlisle Community School District, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carlisle Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2011 on our consideration of Carlisle Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 18 and 58 through 60 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carlisle Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 14, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of District management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Oskaloosa, Iowa
October 17, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Carlisle Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Because the District has implemented new reporting standards last fiscal year, comparisons are made in explaining the District's financial position and results of operations.

Financial Highlights

- General Fund revenues increased from \$14,341,239 in fiscal year 2010 to \$16,464,594 in fiscal year 2011, while General Fund expenditures also increased from \$14,503,679 in fiscal year 2010 to \$14,733,920 in fiscal year 2011. The General Fund balance as of June 30, 2011 was \$3,571,197 compared to \$1,901,861 at June 30, 2010.
- The increase in General Fund revenues was attributable primarily to increases in state aid and in property tax money, to help rebuild cash reserves.
- Sales tax revenue bonds were sold on April 7, 2009 in the amount of 11,325,000 to fund remodeling and construction projects at the Hartford Upper Elementary building, the high school building and the athletic field. Re-payment began in FY 2010 and will end in FY 2030.
- The district still had carryover ARRA money to help fund salaries and benefits and teacher professional development during fiscal year 2011. The district did also receive Ed Jobs Fund money (one time money) in the amount of \$345,865 of which approximately 95% was deferred to FY 2012.

Overview of the Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements. Fund statements include the following:

The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.

The statements for *proprietary funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.

The statements for *fiduciary funds* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

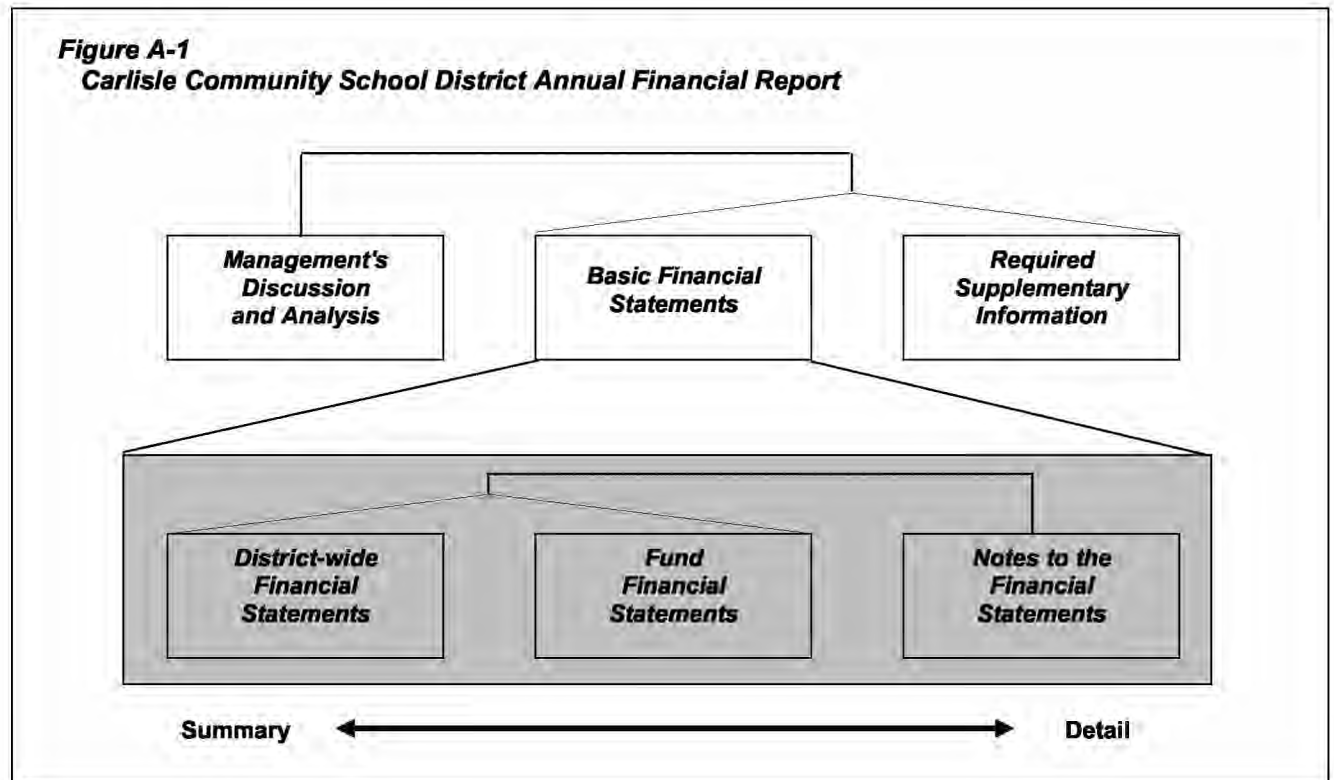


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the District-Wide and Fund Financial Statements				
	District-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program, Building Trades student built housing, and the Adult Education program activities are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.
 - The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.
 - The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has three enterprise funds, the School Nutrition Fund, the Building Trades Fund, and the Adult Education Fund.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust funds.
 - Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund and the Carlisle Empowering Foundation.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net Assets - Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2011 compared to June 30, 2010.

Figure A-3 Condensed Statement of Net Assets	Governmental		Business-type		Total		Total
	Activities		Activities		School District		% Change
	2011	2010	2011	2010	2011	2010	2010-2011
Current and other assets	15,782,310	14,256,078	166,288	166,164	15,948,598	14,422,242	10.58%
Capital assets	27,659,003	27,086,428	460,144	498,140	28,119,147	27,584,568	1.93%
Total assets	43,441,313	41,342,506	626,432	664,304	44,067,745	42,006,810	4.90%
Long-term obligations	20,646,371	21,755,043			20,646,371	21,755,043	-5.10%
Other liabilities	7,775,735	7,285,123	42,146	48,192	7,817,881	7,333,315	6.61%
Total liabilities	28,422,106	29,040,166	42,146	48,192	28,464,252	29,088,358	-2.15%
Net assets:							
Invested in capital assets,							
net of related debt	7,540,898	5,899,178	460,144	498,140	8,001,042	6,397,318	25.07%
Restricted	4,829,345	5,534,511			4,829,345	5,534,511	-12.74%
Unrestricted	2,648,964	868,651	124,142	117,972	2,773,106	986,623	181.07%
Total net assets	15,019,207	12,302,340	584,286	616,112	15,603,493	12,918,452	20.78%

The District's combined net assets were \$15,603,493 at June 30, 2011.

Changes in net assets – Figure A-4 shows the District's revenues and expenses for the year end June 30, 2011 as compared to the year end June 30, 2010. The figure also shows the change in net assets by subtracting the expenditures from the revenues. The District's improved financial position is the product of many factors.

Property tax revenue of \$6,497,754 and unrestricted state grants of \$8,458,619 account for 72 percent of the District's total revenues in FY 2011. The District's expenses primarily relate to instruction and support services which account for 83 percent of the total expenses.

Figure A-4 Changes in Net Assets	Governmental Activities		Business-type Activities		Total School District		Total % Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues:							
Program revenues:							
Charges for service and sales	1,441,229	1,073,351	690,876	816,791	2,132,105	1,890,142	12.80%
Operating grants, contributions and restricted interest	2,738,993	3,364,122	297,512	259,103	3,036,505	3,623,225	-16.19%
Capital grants, contributions and restricted interest	318,700	240,895		330,613	318,700	571,508	-44.24%
General revenues:							
Property and other taxes	6,497,754	5,645,500			6,497,754	5,645,500	15.10%
Unrestricted state grants	8,458,619	7,187,355			8,458,619	7,187,355	17.69%
Unrestricted investment earnings	41,695	89,136	250	185	41,945	89,321	-53.04%
Gain (loss) on disposal of assets		61,825	-28,615		-28,615	61,825	-146.28%
Other	408,639	166,546			408,639	166,546	146.36%
Total revenues	19,905,629	17,828,730	960,023	1,406,692	20,865,652	19,235,422	8.47%
Program expenses:							
Governmental activities:							
Instruction	9,498,362	9,421,830	5,264	4,747	9,503,626	9,426,577	0.82%
Support services	5,207,903	5,158,793	6,024	11,376	5,213,927	5,170,169	0.85%
Non-instructional programs			980,561	1,071,581	980,561	1,071,585	-8.49%
Other expenses	2,482,497	2,429,979			2,482,497	2,429,979	2.16%
Total expenses	17,188,762	17,010,602	991,849	1,087,708	18,180,611	18,098,310	0.45%
Change in net assets	2,716,867	818,128	-31,826	318,984	2,685,041	1,137,112	136.13%

Governmental Activities

Revenues for governmental activities were \$19,905,629 and expenses were \$17,188,762.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

	Figure A-5	
	Total and Net Cost of Governmental Activities	
	Total Cost of Services	Net Cost of Services
Instruction	9,498,362	6,048,325
Support services	5,207,903	5,166,575
Other expenses	2,482,497	1,474,940
Totals	17,188,762	12,689,840

- The cost financed by users of the District's programs was \$1,441,229.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$3,057,693.
- The remaining cost of governmental activities was financed with \$6,497,754 in property and other taxes, \$8,458,619 in state foundation aid, \$41,695 in interest income and \$408,639 in miscellaneous revenues.

Business-Type Activities

Revenues of the District's business-type activities were \$960,023 and expenses were \$991,849. The District's business-type activities include the School Nutrition, Building Trades, and Adult Education Funds. Revenues of these activities were comprised of charges for service, federal and state reimbursements, sale of house, rent and investment income. Expenses in the District's business-type activities are recorded primarily as non-instructional programs.

Financial Analysis of the District's Funds

As previously noted, the Carlisle Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$8,253,672 at June 30, 2011, an increase of \$927,547 or 12.7 percent over the prior year.

Governmental Fund Highlights

- The school board has emphasized they wish to maintain a 3 month reserve as a back up in case of future cuts. The district began a three-year plan to rebuild cash reserves after previous state aid cuts reduced the district's cash reserves.
- The General Fund balance increased from \$1,901,861 to \$3,571,197.
- The Physical Plant and Equipment Levy (PEEL) Account balance, within the Capital Projects Fund, decreased from \$646,380 in fiscal 2010 to \$449,527 in fiscal 2011 as the district did not levy for the full \$1.34 voter approved PEEL. The voter approved \$1.00 PEEL levy ended June 30, 2007. Patrons voted to re-instate the voter approved PEEL levy up to an amount of \$1.34 effective July 1, 2008.
- The Capital Projects Fund is comprised of several projects: Local Option Sales Tax that has been received since July, 2000, renovations to the Football Stadium, remodeling of the High School Gym, completion of new Early Childhood facility which opened in the Fall of 2005. A new middle school facility funded through general obligation bonds was completed in the fall of 2007. Remodeling and new construction began in the spring of 2009 at the Hartford and high school buildings which was completed during the 2010-2011 school year. This project is funded with local option sales tax money.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased slightly from \$541,948 at June 30, 2010 to \$551,264 at June 30, 2011. Revenues for the School Nutrition Fund totaled \$799,915. Expenditures for the School Nutrition Fund totaled \$790,599, resulting in the \$9,316 increase in net assets.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. Over the course of the year, the District amended its annual operating budget one time to reflect additional revenue that was received along with expenses associated with the capital project activity and capital loan note for updating technology equipment. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

Legal Budgetary Highlights

The District's total actual receipts were \$658,066 more than the total budgeted receipts, a variance of 3.3%.

Total expenditures were \$1,686,872 less than budgeted, a variance of 7.8%. The District's certified budget should always exceed the actual expenditures during the year in total. The certified budget is based on expenditures in four function areas of instruction, support services, non-instructional programs and other expenditures. The District did not exceed the budgeted amounts in any of the four areas.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2011, the District had invested \$28,119,147 net of accumulated depreciation of \$7,126,200, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment (see Figure A-6). More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year totaled \$875,552.

The original cost of the District's capital assets was \$35,245,347. Governmental funds account for \$34,480,352 with the remainder of \$764,995 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category and buildings. The construction in progress at the high school and Hartford buildings totaling \$9,290,588 was completed during the 2010-2011 school year so was included in the buildings total.

Figure A-6						
Capital Assets, net of Depreciation						
	Governmental Activities		Business-type Activities		Total School District	
	2011	2010	2011	2010	2011	2010
Land	481,177	481,177			481,177	481,177
Construction in progress		8,102,562				8,102,562
Buildings	26,450,424	17,865,602			26,450,424	17,865,602
Improvements other than buildings						
Furniture and equipment	727,402	637,087	460,144	498,140	1,187,546	1,135,227
Totals	27,659,003	27,086,428	460,144	498,140	28,119,147	27,584,568

Long-Term Liabilities

At June 30, 2011, the District had \$20,646,371 in general obligation bonds and other long-term liabilities outstanding. This represents a decrease of approximately 5.1 percent from last year (see Figure A-7). More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

In December 2005 and April 2006 a total of \$9,000,000 in bonds were sold to fund the middle school construction project. Interest payments began in FY 2007 with final payment in FY 2026.

The District took out a \$230,000 School Equipment Purchase Note on August 15, 2007 to purchase technology equipment. The general fund is providing the resources for repayment beginning in January, 2008 and ending in July, 2011.

In August of 2008, the District took out a general obligation school capital loan note in the amount of \$443,000 to upgrade technology equipment district-wide. Repayment began in January, 2009 ending in July, 2012 and is funded by the voted PPEL.

In May of 2009 the District received money from the sale of sales tax revenue bonds in the amount of \$11,325,000 to fund remodeling and construction projects at the high school building, athletic field and the Hartford building. Repayment began in fiscal year 2010 and will end in fiscal year 2030.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	2011	2010	2010-2011
Notes payable	279,000	447,250	-0.37618
General obligation bonds	7,820,000	8,185,000	-0.04459
Revenue bonds	12,130,000	12,555,000	-0.03385
Early retirement	413,237	560,960	-0.26334
Compensated absences	4,134	6,833	-0.39499
Totals	20,646,371	21,755,043	-0.05369

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District experienced an increase in certified enrollment by 35 students for the 2010-2011 school year. Certified enrollment for the 2011-2012 school year was up by 6 students.
- The District evaluated the condition of its transportation vehicles and decided to purchase two used buses in FY 2011. With the variable enrollment numbers, the number and condition of the transportation vehicles is closely monitored. The District was a recipient of a BEEP grant during FY 2011. A portion of the grant funds was used in FY 2011 to retrofit equipment and a portion will be used in FY 2012 towards the purchase of a new bus.
- Increasing insurance costs always play a big factor in negotiating with the Carlisle Community Education Association (CCEA). Insurance packages will be reviewed again during FY 2012.
- A special election was held on January 13, 2004 asking Warren County residents to pass a Local Option Sales Tax. Income from this tax did not start until July 1, 2004 and will be collected for a 10 year period. Polk County Local Option Sales Tax began July 1, 2001 and will end June 30, 2010. The revenue from sales tax in the two counties is funding the revenue bond issue that was approved FY04 and sold in FY05. The State Legislature passed legislation for a statewide penny in the spring of 2008. The legislation will replace the previous local option sales tax as their 10 year periods end. The statewide penny will increase the per pupil calculation for the district allowing for more money to be invested in infrastructure projects allowed by the Revenue Purpose Statement which was approved by the voters on Sept. 9, 2008.
- Technology upgrades in the 2007-2008 school year were funded with a school equipment purchase note. Repayment is with general fund money and began January, 2009. The last payment is in July, 2012.
- The District funded new technology equipment purchased in 2008-2009 with general obligation school capital loan notes in the amount of \$443,000 dated August 1, 2008. Repayment began January, 2009 and will end July, 2012 with voter approved PPEL funds as the funding source. The District will need to replace teacher laptops and continue to add and update technology equipment in classrooms.
- Due to previous increased enrollment needs, construction on a new middle school facility began in FY 06. General Obligation Bonds were sold in December, 2005 and April, 2006 to pay for this new facility with repayment scheduled through FY 2026.
- The District proceeded with infrastructure renovation projects at the Hartford and high school buildings and the athletic field. Planning began during the 2008-09 school year and the work began at the close of the 2008-2009 school year. These projects are being funded with the statewide penny funds. Both projects were completed by the end of the 2010-2011 school year. This project will be the last big project for the District for some time as bonding capacity is limited.
- President Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA) on February 17, 2009. This provided the District with funding in the areas of general education, professional development, Title I and Special Education Part B. The District received \$201,741 ARRA money in FY 2009. The District received \$966,593.97 in FY 2010. Additional ARRA funds received in FY 2011 totaled \$605,965. Most of that amount was Ed Jobs Fund money in the amount of \$345,865 of which \$327,608 was carried over to FY 2012.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jean Flaws, District Secretary/Treasurer and Business Manager, Carlisle Community School District, 430 School Street, Carlisle, Iowa, 50047.

Basic Financial Statements

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 9,125,631	\$ 138,401	\$ 9,264,032
Receivables:			
Property tax:			
Current year	55,996	-	55,996
Succeeding year	5,402,763	-	5,402,763
Interfund receivable (payable)	174,195	(174,195)	-
Accounts	4,220	180,246	184,466
Due from other governments	1,019,505	-	1,019,505
Inventories	-	21,836	21,836
Capital assets, net of accumulated depreciation (note 5)	27,659,003	460,144	28,119,147
Total assets	43,441,313	626,432	44,067,745
Liabilities			
Accounts payable	252,922	368	253,290
Salaries and benefits payable	1,376,474	32,066	1,408,540
Accrued interest payable	360,232	-	360,232
Deferred revenue:			
Succeeding year property tax	5,402,763	-	5,402,763
Other	383,344	9,712	393,056
Long-term liabilities (notes 6 and 7):			
Portion due within one year:			
Early retirement	137,781	-	137,781
Notes payable	168,250	-	168,250
Bonds payable	690,000	-	690,000
Compensated absences	4,134	-	4,134
Portion due after one year:			
Early retirement	275,456	-	275,456
Notes payable	110,750	-	110,750
Bonds payable	19,260,000	-	19,260,000
Total liabilities	28,422,106	42,146	28,464,252

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	\$ 7,540,898	\$ 460,144	\$ 8,001,042
Restricted for:			
Categorical funding	789,432	-	789,432
Physical plant and equipment levy	449,527	-	449,527
Student activities	140,687	-	140,687
Debt service	1,756,216	-	1,756,216
Capital projects	1,693,483	-	1,693,483
Unrestricted	2,648,964	124,142	2,773,106
Total net assets	<u>\$ 15,019,207</u>	<u>\$ 584,286</u>	<u>\$ 15,603,493</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular instruction	\$ 6,196,653	\$ 935,597	\$ 1,742,509	\$ -
Special instruction	1,717,518	111,893	179,755	-
Other instruction	1,584,191	381,975	98,308	-
	<u>9,498,362</u>	<u>1,429,465</u>	<u>2,020,572</u>	<u>-</u>
Support services:				
Student services	609,017	-	4,192	-
Instructional staff services	408,471	-	11,577	-
Administration services	2,037,977	-	-	-
Operation and maintenance of plant services	1,371,562	11,142	-	-
Transportation services	780,876	622	13,795	-
	<u>5,207,903</u>	<u>11,764</u>	<u>29,564</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	154,476	-	-	318,700
Long-term debt interest and fiscal charges	947,004	-	-	-
AEA flowthrough	688,857	-	688,857	-
Depreciation (unallocated) *	692,160	-	-	-
	<u>2,482,497</u>	<u>-</u>	<u>688,857</u>	<u>318,700</u>
Total governmental activities	<u>17,188,762</u>	<u>1,441,229</u>	<u>2,738,993</u>	<u>318,700</u>
Business-Type Activities:				
Instruction:				
Purchased services	5,204	8,443	-	-
Other	60	-	-	-
	<u>5,264</u>	<u>8,443</u>	<u>-</u>	<u>-</u>
Support services:				
Food service operations	5,829	-	-	-
Other	195	-	-	-
	<u>6,024</u>	<u>-</u>	<u>-</u>	<u>-</u>

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (3,518,547)	\$ -	\$ (3,518,547)
(1,425,870)	-	(1,425,870)
(1,103,908)	-	(1,103,908)
<u>(6,048,325)</u>	<u>-</u>	<u>(6,048,325)</u>
(604,825)	-	(604,825)
(396,894)	-	(396,894)
(2,037,977)	-	(2,037,977)
(1,360,420)	-	(1,360,420)
<u>(766,459)</u>	<u>-</u>	<u>(766,459)</u>
<u>(5,166,575)</u>	<u>-</u>	<u>(5,166,575)</u>
164,224	-	164,224
(947,004)	-	(947,004)
-	-	-
<u>(692,160)</u>	<u>-</u>	<u>(692,160)</u>
<u>(1,474,940)</u>	<u>-</u>	<u>(1,474,940)</u>
<u>(12,689,840)</u>	<u>-</u>	<u>(12,689,840)</u>
-	3,239	3,239
-	(60)	(60)
<u>-</u>	<u>3,179</u>	<u>3,179</u>
-	(5,829)	(5,829)
-	(195)	(195)
<u>-</u>	<u>(6,024)</u>	<u>(6,024)</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Business-Type Activities (continued):				
Non-instructional programs:				
Food service operations	\$ 784,770	\$ 502,187	\$ 297,512	\$ -
Other	195,791	180,246	-	-
	<u>980,561</u>	<u>682,433</u>	<u>297,512</u>	<u>-</u>
Total business-type activities	<u>991,849</u>	<u>690,876</u>	<u>297,512</u>	<u>-</u>
Total	\$ <u>18,180,611</u>	\$ <u>2,132,105</u>	\$ <u>3,036,505</u>	\$ <u>318,700</u>

General revenues (expenses):

Property tax levied for:
 General purposes
 Debt service
 Capital outlay
 Statewide sales, services and use tax
 Unrestricted state and federal grants
 Unrestricted investment earnings
 Transfer of land sale proceeds
 Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

* = This amount excludes the depreciation included in the direct expenses of the various programs.
 in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ -	\$ 14,929	\$ 14,929
-	(15,545)	(15,545)
-	(616)	(616)
-	(3,461)	(3,461)
(12,689,840)	(3,461)	(12,693,301)
4,196,415	-	4,196,415
701,891	-	701,891
265,909	-	265,909
1,333,539	-	1,333,539
8,458,619	-	8,458,619
41,695	250	41,945
-	(28,615)	(28,615)
408,639	-	408,639
15,406,707	(28,365)	15,378,342
2,716,867	(31,826)	2,685,041
12,302,340	616,112	12,918,452
\$ 15,019,207	\$ 584,286	\$ 15,603,493

CARLISLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	Debt Service	Capital Projects	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 4,846,349	\$ 778,417	\$ 2,963,239	\$ 426,731	\$ 9,014,736
Receivables:					
Property tax:					
Current year	41,689	7,611	2,883	3,813	55,996
Succeeding year	3,938,439	699,624	437,855	326,845	5,402,763
Interfund receivable (note 3)	174,195	-	1,424,171	-	1,598,366
Accounts	3,854	-	-	366	4,220
Due from other governments	477,356	-	542,149	-	1,019,505
Total assets	\$ 9,481,882	\$ 1,485,652	\$ 5,370,297	\$ 757,755	\$ 17,095,586
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 214,348	\$ -	\$ 34,841	\$ 3,733	\$ 252,922
Salaries and benefits payable	1,372,314	-	-	4,160	1,376,474
Interfund payable (note 3)	-	-	1,424,171	-	1,424,171
Deferred revenue:					
Succeeding year property tax	3,938,439	699,624	437,855	326,845	5,402,763
Other	385,584	-	-	-	385,584
Total liabilities	5,910,685	699,624	1,896,867	334,738	8,841,914
Fund balances:					
Restricted for:					
Categorical funding (note 11)	789,432	-	-	-	789,432
Debt service	-	786,028	1,330,420	-	2,116,448
Management levy purposes	-	-	-	282,330	282,330
Student activities	-	-	-	140,687	140,687
School infrastructure	-	-	3,117,647	-	3,117,647
Physical plant and equipment	-	-	449,527	-	449,527
Unassigned	2,781,765	-	(1,424,164)	-	1,357,601
Total fund balances	3,571,197	786,028	3,473,430	423,017	8,253,672
Total liabilities and fund balances	\$ 9,481,882	\$ 1,485,652	\$ 5,370,297	\$ 757,755	\$ 17,095,586

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2011

Total fund balances of governmental funds	\$ 8,253,672
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	27,659,003
Other long-term assets, including student fee revenues, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	2,240
The Internal Service Funds are included in Governmental Activities due to the integral nature of these funds in relation to those Governmental Activities.	110,895
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(360,232)
Long-term liabilities, including bonds payable, compensated absences, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(20,646,371)</u>
Net assets of governmental activities	<u>\$ 15,019,207</u>
See notes to financial statements.	

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,842,555	\$ 701,488	\$ 1,599,295	\$ 351,446	\$ 6,494,784
Tuition	920,356	-	-	-	920,356
Other	600,168	998	69,462	396,647	1,067,275
State sources	10,574,180	404	153	202	10,574,939
Federal sources	527,335	-	318,700	-	846,035
Total revenues	16,464,594	702,890	1,987,610	748,295	19,903,389
Expenditures:					
Current:					
Instruction	9,080,582	-	-	569,697	9,650,279
Support services:					
Student services	603,862	-	-	-	603,862
Instructional staff services	405,508	-	2,963	-	408,471
Administration services	1,930,097	-	35,580	125,527	2,091,204
Operation and maintenance of plant services	1,322,428	-	13,098	46,556	1,382,082
Transportation services	702,586	-	108,160	10,297	821,043
	4,964,481	-	159,801	182,380	5,306,662
Other expenditures:					
Facilities acquisition	-	-	1,411,893	-	1,411,893
Long term debt:					
Principal	-	958,250	-	-	958,250
Interest and fiscal charges	-	959,901	-	-	959,901
AEA flowthrough	688,857	-	-	-	688,857
	688,857	1,918,151	1,411,893	-	4,018,901
Total expenditures	14,733,920	1,918,151	1,571,694	752,077	18,975,842
Excess (deficiency) of revenues over (under) expenditures	1,730,674	(1,215,261)	415,916	(3,782)	927,547

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General	Debt Service	Capital Projects	Nonmajor	Total
Other financing sources (uses):					
Interfund transfers in (note 4)	-	1,095,827	-	-	1,095,827
Interfund transfers out (note 4)	(61,338)	-	(1,034,489)	-	(1,095,827)
Total other financing sources (uses)	(61,338)	1,095,827	(1,034,489)	-	-
Net change in fund balances	1,669,336	(119,434)	(618,573)	(3,782)	927,547
Fund balances beginning of year, as restated (note 13)	1,901,861	905,462	4,092,003	426,799	7,326,125
Fund balances end of year	<u>\$ 3,571,197</u>	<u>\$ 786,028</u>	<u>\$ 3,473,430</u>	<u>\$ 423,017</u>	<u>\$ 8,253,672</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ 927,547

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 1,410,131	
Depreciation expense	<u>(837,556)</u>	572,575

Student Fee revenue not earned until after the District's fiscal year end is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities.	2,240
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The increase in net assets of the Internal Service Funds represents an overcharge to the governmental funds and is therefore added back to the Statement of Activities	92,936
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Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.	958,250
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	12,897
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	147,723	
Compensated absences	<u>2,699</u>	<u>150,422</u>

Change in net assets of governmental activities	\$	<u><u>2,716,867</u></u>
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See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Enterprise Funds			Internal
	School	Non-Major		Service
	Nutrition	Enterprise	Total	Funds
Assets				
Cash and cash equivalents	\$ 111,062	\$ 27,339	\$ 138,401	\$ 110,895
Receivables:				
Accounts	-	180,246	180,246	-
Inventories	21,836	-	21,836	-
Capital assets, net of accumulated depreciation (note 5)	460,144	-	460,144	-
Total assets	<u>593,042</u>	<u>207,585</u>	<u>800,627</u>	<u>110,895</u>
Liabilities				
Accounts payable	-	368	368	-
Salaries and benefits payable	32,066	-	32,066	-
Interfund payable (note 3)	-	174,195	174,195	-
Deferred revenue	9,712	-	9,712	-
Total liabilities	<u>9,712</u>	<u>174,563</u>	<u>216,341</u>	<u>-</u>
Net Assets				
Invested in capital assets	460,144	-	460,144	-
Unrestricted	<u>91,120</u>	<u>33,022</u>	<u>124,142</u>	<u>110,895</u>
Total net assets	<u>\$ 551,264</u>	<u>\$ 33,022</u>	<u>\$ 584,286</u>	<u>\$ 110,895</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2011

	Enterprise Funds			Internal Service Funds
	School Nutrition	Non-Major Enterprise	Total	
Operating revenues:				
Local sources:				
Charges for services	\$ 502,187	\$ 188,689	\$ 690,876	\$ 1,244,448
Operating expenses:				
Instruction:				
Insurance premiums	-	-	-	1,033,793
Purchased services	-	5,204	5,204	117,719
Other	-	60	60	-
	-	5,264	5,264	1,151,512
Support services:				
Purchased services	3,875	195	4,070	-
Supplies	1,954	-	1,954	-
	5,829	195	6,024	-
Non-instructional programs:				
Salaries	247,583	-	247,583	-
Benefits	87,620	-	87,620	-
Supplies	411,220	195,791	607,011	-
Depreciation	37,996	-	37,996	-
Other	351	-	351	-
	784,770	195,791	980,561	-
Total expenses	790,599	201,250	991,849	1,151,512
Operating income (loss)	(288,412)	(12,561)	(300,973)	92,936

CARLISLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2011

	Enterprise Funds			Internal
	School	Non-Major		Service
	Nutrition	Enterprise	Total	Funds
Non-operating revenues (expenses):				
Interest on investments	\$ 216	\$ 34	\$ 250	\$ -
State sources	7,259	-	7,259	-
Federal sources	290,253	-	290,253	-
Residual transfer of land sale proceeds	-	(28,615)	(28,615)	-
Total non-operating revenues (expenses)	<u>297,728</u>	<u>(28,581)</u>	<u>269,147</u>	<u>-</u>
Change in net assets	9,316	(41,142)	(31,826)	92,936
Net assets beginning of year	<u>541,948</u>	<u>74,164</u>	<u>616,112</u>	<u>17,959</u>
Net assets end of year	<u>\$ 551,264</u>	<u>\$ 33,022</u>	<u>\$ 584,286</u>	<u>\$ 110,895</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2011

	Enterprise Funds			Internal
	School	Non-Major		Service
	Nutrition	Enterprise	Total	Funds
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 484,294	\$ -	\$ 484,294	\$ -
Cash received from miscellaneous operating activities	15,266	8,456	23,722	1,244,448
Cash payments to employees for services	(338,479)	-	(338,479)	(1,151,512)
Cash payments to suppliers for goods or services	(369,076)	(201,386)	(570,462)	-
Net cash provided by (used by) operating activities	(207,995)	(192,930)	(400,925)	92,936
Cash flows from non-capital financing activities:				
State grants received	7,259	-	7,259	-
Federal grants received	254,198	-	254,198	-
Increase in due to other funds	-	174,195	174,195	-
Residual transfer of land sale proceeds	-	(28,615)	(28,615)	-
Net cash provided by non-capital financing activities	261,457	145,580	407,037	-
Cash flows from investing activities:				
Interest on investments	216	34	250	-
Net increase (decrease) in cash and cash equivalents	53,678	(47,316)	6,362	92,936
Cash and cash equivalents beginning of year	57,384	74,655	132,039	17,959
Cash and cash equivalents end of year	\$ 111,062	\$ 27,339	\$ 138,401	\$ 110,895

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2011

	Enterprise Funds			Internal
	School	Non-Major		Service
	Nutrition	Enterprise	Total	Funds
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:				
Operating income (loss)	\$ (288,412)	\$ (12,561)	\$ (300,973)	\$ 92,936
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:				
Depreciation	37,996	-	37,996	-
Commodities used	36,055	-	36,055	-
(Increase) in accounts receivable	-	(180,233)	(180,233)	-
Decrease in inventories	12,276	-	12,276	-
(Decrease) in accounts payable	(7)	(136)	(143)	-
(Decrease) in salaries and benefits payable	(3,276)	-	(3,276)	-
(Decrease) in deferred revenue	(2,627)	-	(2,627)	-
Net cash provided by (used by) operating activities	\$ <u>(207,995)</u>	\$ <u>(192,930)</u>	\$ <u>(400,925)</u>	\$ <u>92,936</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received \$36,055 of federal commodities.

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2011

	Private Purpose Trust	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Cash and pooled investments	\$ <u>30,203</u>	\$ <u>1,262</u>
Liabilities:		
Due to Metro Area Superintendents	<u>-</u>	<u>1,262</u>
Net assets:		
Reserved for scholarships	\$ <u><u>30,203</u></u>	\$ <u><u>-</u></u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2011

	Private Purpose Trust
	<u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 4,246
Interest	<u>37</u>
Total additions	<u>4,283</u>
Deductions:	
Support services:	
Scholarships awarded	<u>3,290</u>
Change in net assets	993
Net assets beginning of year	<u>29,210</u>
Net assets end of year	<u><u>\$ 30,203</u></u>
See notes to financial statements.	

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies

Carlisle Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Carlisle, Iowa, and agricultural territory in Warren and Polk Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Carlisle Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Carlisle Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Warren County Assessor's Conference Board.

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is used to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Interfund Receivable/Payable – All amounts shown as interfund receivables and payables arise from pooled cash balances.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Improvements other than buildings	1,500
Intangibles	75,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	40-50 years
Improvements other than buildings	20 years
Intangibles	5-15 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and unearned fees and meal revenues.

Deferred revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unearned fees and meal revenues, and unearned grant revenues.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other classifications.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2011 consists of \$4,829,345.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Value</u>
Iowa Schools Joint Investment Trust,	
Diversified Portfolio	\$ 487,835
Money market mutual funds	<u>1,945,174</u>
	<u>\$ 2,433,009</u>

The investments in the Iowa Schools Joint Investment Trust are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in money market mutual funds are stated at fair value.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust and in all money market mutual funds were rated Aaa by Moody's Investors Service.

Note 3. Interfund Receivables/Payables

<u>Due to:</u>	<u>Due from:</u>	<u>Total</u>
General Fund	Enterprise Fund, Building and Trades	\$ 174,195
Capital Projects, Statewide Sales and Services Use Tax Account	Capital Projects, Other Construction Projects Account	<u>1,424,171</u>
		<u>\$ 1,598,366</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	General	\$ 61,338
	Capital Projects	<u>1,034,489</u>
		<u>\$ 1,095,827</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 481,177	\$ -	\$ -	\$ 481,177
Construction in progress	8,102,562	1,188,026	9,290,588	-
Total capital assets not being depreciated	8,583,739	1,188,026	9,290,588	481,177
Capital assets being depreciated:				
Buildings	22,623,708	9,290,588	-	31,914,296
Furniture and equipment	1,957,542	222,105	94,768	2,084,879
Total capital assets being depreciated	24,581,250	9,512,693	94,768	33,999,175
Less accumulated depreciation for:				
Buildings	4,758,106	705,766	-	5,463,872
Furniture and equipment	1,320,455	131,790	94,768	1,357,477
Total accumulated depreciation	6,078,561	837,556	94,768	6,821,349
Total capital assets being depreciated, net	18,502,689	8,675,137	-	27,177,826
Governmental activities capital assets, net	\$ 27,086,428	\$ 9,863,163	\$ 9,290,588	\$ 27,659,003
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 764,995	\$ -	\$ -	\$ 764,995
Less accumulated depreciation	266,855	37,996	-	304,851
Business-type activities capital assets, net	\$ 498,140	\$ (37,996)	\$ -	\$ 460,144

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Capital Assets (continued)

Depreciation expense was charged by the District to the following functions:

Governmental activities:

Instruction:

Regular

\$ 22,129

Support services:

Student support

8,118

Administration

15,321

Operation and maintenance of plant services

23,262

Transportation

76,566

145,396

Unallocated depreciation

692,160

Total governmental activities depreciation expense

\$ 837,556

Business-type activities:

Food service operations

\$ 37,996

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 560,960	\$ 3,220	\$ 150,943	\$ 413,237	\$ 137,781
Notes payable	447,250	-	168,250	279,000	168,250
General obligation bonds	8,185,000	-	365,000	7,820,000	380,000
Revenue bonds	12,555,000	-	425,000	12,130,000	310,000
Compensated absences	6,833	4,134	6,833	4,134	4,134
Total	\$ 21,755,043	\$ 7,354	\$ 1,116,026	\$ 20,646,371	\$ 1,000,165

Early Retirement

For the year ended June 30, 2011, the District offered a voluntary early retirement plan only to administrators who were at least age 55 years of age and had seven years of service with the District. The early retirement incentive was health insurance paid by the District at the District's single rate premium until the employee reached age 65 or otherwise became eligible for Medicare. The District had no new participants in the early retirement plan for the year ended June 30, 2011. However, the early retirement liability increased due to the increased costs of health insurance.

The District has offered various early retirement incentive plans in past years. Details of these plans are available upon request at the District administrative office.

At June 30, 2011, the District had obligations to 22 participants with a total liability of \$413,237. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$150,943. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

Notes Payable

Details of the District's June 30, 2011 notes payable indebtedness are as follows:

Year Ending June 30,	Note Issue dated August 15, 2007			Note Issue dated August 1, 2008			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2012	4.45 %	\$ 57,500	\$ 1,279	3.34 %	\$ 110,750	\$ 5,549	\$ 168,250	\$ 6,828
2013	-	-	-	3.34	110,750	1,849	110,750	1,849
		<u>\$ 57,500</u>	<u>\$ 1,279</u>		<u>\$ 221,500</u>	<u>\$ 7,398</u>	<u>\$ 279,000</u>	<u>\$ 8,677</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. Long-Term Liabilities (continued)

General Obligation Bonds Payable

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue dated January 1, 2006			Bond Issue dated May 2006			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2012	3.90 %	\$ 205,000	\$ 155,067	3.75 %	\$ 175,000	\$ 163,755	\$ 380,000	\$ 318,822
2013	3.90	215,000	147,072	3.75	185,000	157,192	400,000	304,264
2014	4.75	225,000	138,688	4.25	190,000	150,255	415,000	288,943
2015	4.75	235,000	128,000	5.00	200,000	142,180	435,000	270,180
2016	3.75	245,000	116,838	5.00	210,000	132,180	455,000	249,018
2017	3.80	255,000	107,650	3.80	220,000	121,680	475,000	229,330
2018	3.85	265,000	97,960	3.85	225,000	113,320	490,000	211,280
2019	3.90	275,000	87,757	3.85	240,000	104,658	515,000	192,415
2020	3.95	285,000	77,033	3.90	250,000	95,418	535,000	172,451
2021	3.95	300,000	65,775	4.00	255,000	85,667	555,000	151,442
2022	4.00	315,000	53,925	4.00	265,000	75,468	580,000	129,393
2023	4.00	325,000	41,325	4.05	280,000	64,867	605,000	106,192
2024	4.05	340,000	28,325	4.10	290,000	53,527	630,000	81,852
2025	4.10	355,000	14,555	4.15	305,000	41,638	660,000	56,193
2026	-	-	-	4.20	690,000	28,980	690,000	28,980
		<u>\$ 3,840,000</u>	<u>\$ 1,259,970</u>		<u>\$ 3,980,000</u>	<u>\$ 1,530,785</u>	<u>\$ 7,820,000</u>	<u>\$ 2,790,755</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. Long-Term Liabilities (continued)

Revenue Bonds

Details of the District's June 30, 2011 sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue dated July 1, 2004			Bond Issue dated May 1, 2009			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2012	3.80 %	\$ 230,000	\$ 27,960	4.25 %	\$ 80,000	\$ 567,645	\$ 310,000	\$ 595,605
2013	4.00	185,000	19,890	4.25	200,000	561,695	385,000	581,585
2014	4.10	190,000	12,295	4.25	210,000	552,983	400,000	565,278
2015	4.20	200,000	4,200	4.25	220,000	543,845	420,000	548,045
2016	-	-	-	4.25	480,000	528,970	480,000	528,970
2017	-	-	-	4.25	500,000	508,145	500,000	508,145
2018	-	-	-	4.25	520,000	486,470	520,000	486,470
2019	-	-	-	4.25	545,000	463,839	545,000	463,839
2020	-	-	-	4.50	565,000	439,545	565,000	439,545
2021	-	-	-	4.75	590,000	412,820	590,000	412,820
2022	-	-	-	5.00	615,000	383,432	615,000	383,432
2023	-	-	-	5.10	645,000	351,610	645,000	351,610
2024	-	-	-	5.20	675,000	317,613	675,000	317,613
2025	-	-	-	5.25	705,000	281,556	705,000	281,556
2026	-	-	-	5.30	740,000	243,440	740,000	243,440
2027	-	-	-	5.40	780,000	202,770	780,000	202,770
2028	-	-	-	5.50	815,000	159,297	815,000	159,297
2029	-	-	-	5.55	860,000	113,020	860,000	113,020
2030	-	-	-	5.60-5.70	1,580,000	63,815	1,580,000	63,815
		<u>\$ 805,000</u>	<u>\$ 64,345</u>		<u>\$ 11,325,000</u>	<u>\$ 7,182,510</u>	<u>\$ 12,130,000</u>	<u>\$ 7,246,855</u>

The sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the sales and services tax revenues received by the District. The bonds are not general obligations of the District. The debt, however, is subject to the constitutional debt limitation of the District.

The resolutions providing for the issuances of the sales and services tax revenue bonds include the following provisions:

The bonds will only be redeemed from the future earnings of the sales and services tax revenues received by the District and the bond holders hold a lien on the future revenues received.

Bonds maturing after September 1, 2011 and July 1, 2019, may be called for redemption by the issuer and paid before maturity on said date or any date thereafter for the issues dated July 1, 2004 and May 1, 2009, respectively.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. Long-Term Liabilities (continued)

Revenue Bonds (continued)

\$310,000 and \$1,020,420 of the proceeds from the bond issues dated July 1, 2004 and May 1, 2009, respectively, have been placed in reserve funds with a trustee. The reserve funds are part of the District's Capital Projects Fund.

All proceeds from the sales and services tax shall be placed in a sinking fund with a trustee. Money in the sinking fund shall be used to pay the interest and principal on the bonds. Surplus monies in the sinking fund may be transferred to the Capital Projects Fund to be used for any lawful purpose. The sinking fund is part of the Debt Service Fund.

The District pledged future local option sales and services tax revenues to repay the \$3,100,000 bonds issued in 2005 and the \$11,325,000 bonds issued in 2009. The 2005 bonds were issued for the purpose of financing a portion of the costs of a new early childhood center, stadium and gymnasium. The 2009 bonds were issued to pay the cost of school infrastructure projects, renovation to the Hartford building and high school and improvements to athletic facilities. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District and are payable through 2015 for the 2005 issue and through 2030 for the 2009 issue. The bonds are not general obligations of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 68 percent of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is \$19,376,855. For the current year, principal and interest paid on the bonds totaled \$1,034,113 and total local option sales and services tax revenues were \$1,333,539.

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 143 active and 33 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark/Blue Cross-Blue Shield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 7. Other Postemployment Benefits (OPEB) (continued)

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$	129,225
Interest on net OPEB obligation		(2,354)
Adjustment to annual required contribution		<u>7,420</u>
Annual OPEB cost		119,451
Contributions made		<u>200,459</u>
Increase in net OPEB obligation		(81,008)
Net OPEB obligation beginning of year		<u>-</u>
Net OPEB obligation end of year	\$	<u><u>(81,008)</u></u>

Because of the large explicit benefit attributable to the District's early retirement plan, the net implicit cost to the District is essentially prepaid at this time by contributions made for early retirees. However, this prepayment does not reflect on the District's financial statements as an asset because all contributions are made on a pay-as-you-go basis. Thus, no asset exists at this time.

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$200,459 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 119,451	100%	\$ -

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$1,206,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,206,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,100,000, and the ratio of the UAAL to covered payroll was 13.3%. As of June 30, 2011, there were no trust fund assets.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 7. Other Postemployment Benefits (OPEB) (continued)

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

Mortality rates are from the 94 Group Annuity Mortality Table, projected to 2000, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the aging curve study presented by the Society of Actuaries in February 2006.

Projected claim costs of the medical plan are \$3,350 per month for retirees less than age 65.

Note 8. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered payroll for the year ended June 30, 2011. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$619,361, \$609,734, and \$575,315, respectively, equal to the required contributions for each year.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 9. Risk Management

Partial Self-Funded Insurance Plan

The District began a self-funded insurance plan during the year ended June 30, 2011. The plan is funded by contributions from the District and is administered through a service agreement with Wellmark/Blue Cross-Blue Shield of Iowa. The agreement is not subject to automatic renewal provisions. The District assumes liability for claims up to the difference between the \$250 deductible plan paid for by the employee and the \$500 deductible plan purchased by the District.

Monthly payments of service fees and plan contributions to the Carlisle Community School District Employee Group Insurance Plan are recorded as expenditures from the General and School Nutrition funds. Under the administrative services agreement, weekly payments of service fees and claims processed are paid to Wellmark/Blue Cross-Blue Shield of Iowa from the Carlisle Community School District Employee Group Insurance Plan Fund as an Internal Service Fund. The District's contributions to the fund for the year ended June 30, 2011 were \$1,085,570.

The Internal Service Fund, Self-Funded Insurance Plan reserve was \$98,980 at June 30, 2011.

Carlisle Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$688,857 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 11. Categorical Funding

The District's fund balance restricted for categorical funding at June 30, 2011 is comprised of the following programs:

Program	Amount
Gifted and talented program	\$ 330,931
Statewide Voluntary 4 year-old preschool	119,655
Returning dropout and dropout prevention	80,715
Salary improvement program	66,073
Home school assistance program	59,652
Professional development	50,577
Professional development for model core curriculum	46,412
Beginning teacher mentoring and induction	14,067
Market factor incentives	10,235
Other	7,570
School to work	1,647
Assessment grants	1,568
Evaluator training	330
Total	<u>\$ 789,432</u>

Note 12. Construction Commitments

The District has entered into a contract totaling \$178,124 for a new playground. As of June 30, 2011, costs of \$138,972 had been incurred against the contract. The balance of \$39,152 remaining at June 30, 2011 will be paid as work on the project progresses.

Note 13. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	\$ 3,445,623	\$ 646,380
Change in fund type classification per implementation of GASB Statement No. 54	<u>646,380</u>	<u>(646,380)</u>
Balances July 1, 2010, as restated	<u>\$ 4,092,003</u>	<u>\$ -</u>

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Required Supplementary Information

CARLISLE COMMUNITY SCHOOL DISTRICT

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Fund**

Required Supplementary Information

Year Ended June 30, 2011

	Governmental Funds - Actual	Proprietary Fund - Actual	Less: Amounts not required to be budgeted	Total Actual	Budgeted Amounts		Final to Actual Variance
					Original	Final	
REVENUES:							
Local sources	\$ 8,482,415	\$ 691,126	\$ -	\$ 9,173,541	\$ 8,261,811	\$ 8,261,811	\$ 911,730
State sources	10,574,939	7,259	-	10,582,198	11,365,598	11,365,598	(783,400)
Federal sources	846,035	290,253	-	1,136,288	606,552	606,552	529,736
Total revenues	19,903,389	988,638	-	20,892,027	20,233,961	20,233,961	658,066
EXPENDITURES/EXPENSES:							
Instruction	9,650,279	5,264	-	9,655,543	10,275,000	10,440,000	784,457
Support services	5,306,662	6,024	-	5,312,686	5,721,500	5,842,000	529,314
Non-instructional programs	-	1,009,176	(28,615)	980,561	990,000	990,000	9,439
Other expenditures	4,018,901	-	-	4,018,901	4,382,563	4,382,563	363,662
Total expenditures/expenses	18,975,842	1,020,464	(28,615)	19,967,691	21,369,063	21,654,563	1,686,872
Excess (deficiency) of revenues over (under) expenditures/ expenses	927,547	(31,826)	28,615	924,336	(1,135,102)	(1,420,602)	2,344,938
Balance beginning of year	7,326,125	616,112	-	7,942,237	5,401,458	5,401,458	2,540,779
Balance end of year	<u>\$ 8,253,672</u>	<u>\$ 584,286</u>	<u>\$ 28,615</u>	<u>\$ 8,866,573</u>	<u>\$ 4,266,356</u>	<u>\$ 3,980,856</u>	<u>\$ 4,885,717</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
Year Ended June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$285,500.

During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information
Year Ended June 30, 2011

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 1,384	\$ 1,384	0.0%	\$ 9,300	14.9%
2011	July 1, 2009	-	1,206	1,206	0.0%	9,100	13.3%

See note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

See accompanying independent auditor's report.

Other Supplementary Information

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	<u>Special Revenue</u>		
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 278,913	\$ 147,818	\$ 426,731
Receivables:			
Property tax:			
Current year	3,813	-	3,813
Succeeding year	326,845	-	326,845
Accounts	-	366	366
Total assets	\$ 609,571	\$ 148,184	\$ 757,755
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 396	\$ 3,337	\$ 3,733
Salaries and benefits payable	-	4,160	4,160
Deferred revenue:			
Succeeding year property tax	326,845	-	326,845
Total liabilities	327,241	7,497	334,738
Fund balances:			
Restricted for:			
Management levy purposes	282,330	-	282,330
Student activities	-	140,687	140,687
Total fund balances	282,330	140,687	423,017
Total liabilities and fund balances	\$ 609,571	\$ 148,184	\$ 757,755

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2011

	<u>Special Revenue</u>		
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax	\$ 351,446	\$ -	\$ 351,446
Other	23,929	372,718	396,647
State sources	202	-	202
Total revenues	<u>375,577</u>	<u>372,718</u>	<u>748,295</u>
Expenditures:			
Current:			
Instruction	165,498	404,199	569,697
Support services:			
Administration services	125,527	-	125,527
Operation and maintenance of plant services	46,556	-	46,556
Transportation services	10,297	-	10,297
Total expenditures	<u>347,878</u>	<u>404,199</u>	<u>752,077</u>
Excess (deficiency) of revenues over (under) expenditures	27,699	(31,481)	(3,782)
Fund balances beginning of year	<u>254,631</u>	<u>172,168</u>	<u>426,799</u>
Fund balances end of year	<u>\$ 282,330</u>	<u>\$ 140,687</u>	<u>\$ 423,017</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2011

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Assets				
Cash and pooled investments	\$ 1,162,036	\$ 470,776	\$ 1,330,427	\$ 2,963,239
Receivables:				
Property tax:				
Delinquent	-	2,883	-	2,883
Succeeding year	-	437,855	-	437,855
Interfund receivable	1,424,171	-	-	1,424,171
Due from other governments	542,149	-	-	542,149
Total assets	\$ 3,128,356	\$ 911,514	\$ 1,330,427	\$ 5,370,297
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 10,709	\$ 24,132	\$ -	\$ 34,841
Interfund payable	-	-	1,424,171	1,424,171
Deferred revenue:				
Succeeding year property tax	-	437,855	-	437,855
Total liabilities	10,709	461,987	1,424,171	1,896,867
Fund balances:				
Restricted for:				
Debt service	-	-	1,330,420	1,330,420
School infrastructure	3,117,647	-	-	3,117,647
Physical plant and equipment	-	449,527	-	449,527
Unassigned	-	-	(1,424,164)	(1,424,164)
Total fund balances	3,117,647	449,527	(93,744)	3,473,430
Total liabilities and fund balances	\$ 3,128,356	\$ 911,514	\$ 1,330,427	\$ 5,370,297

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2011

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Revenues:				
Local sources:				
Local tax	\$ 1,333,539	\$ 265,756	\$ -	\$ 1,599,295
Other	39,191	29,195	1,076	69,462
State sources	-	153	-	153
Federal sources	318,700	-	-	318,700
Total revenues	<u>1,691,430</u>	<u>295,104</u>	<u>1,076</u>	<u>1,987,610</u>
Expenditures:				
Current:				
Support services:				
Instructional staff services	2,963	-	-	2,963
Administration services	-	35,580	-	35,580
Operation and maintenance of plant services	-	13,098	-	13,098
Transportation services	-	108,160	-	108,160
Other expenditures:				
Facilities acquisition	1,196,772	215,121	-	1,411,893
Total expenditures	<u>1,199,735</u>	<u>371,959</u>	<u>-</u>	<u>1,571,694</u>
Excess (deficiency) of revenues over (under) expenditures	491,695	(76,855)	1,076	415,916
Other financing sources (uses):				
Operating transfers in	-	-	913,925	913,925
Operating transfers out	(913,925)	(119,998)	(914,491)	(1,948,414)
Total other financing sources (uses)	<u>(913,925)</u>	<u>(119,998)</u>	<u>(566)</u>	<u>(1,034,489)</u>
Net change in fund balances	(422,230)	(196,853)	510	(618,573)
Fund balances beginning of year, as restated	<u>3,539,877</u>	<u>646,380</u>	<u>(94,254)</u>	<u>4,092,003</u>
Fund balances end of year	<u>\$ 3,117,647</u>	<u>\$ 449,527</u>	<u>\$ (93,744)</u>	<u>\$ 3,473,430</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR ENTERPRISE FUNDS
 June 30, 2011

	Building and Trades	Adult Education	Total
Assets			
Cash and pooled investments	\$ -	\$ 27,339	\$ 27,339
Receivables:			
Accounts	180,246	-	180,246
Total assets	<u>180,246</u>	<u>27,339</u>	<u>207,585</u>
Liabilities			
Accounts payable	368	-	368
Interfund payable	174,195	-	174,195
Total liabilities	<u>174,563</u>	<u>-</u>	<u>174,563</u>
Net Assets			
Unrestricted	\$ <u>5,683</u>	\$ <u>27,339</u>	\$ <u>33,022</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS

June 30, 2011

	Building and Trades	Adult Education	Total
Operating revenues:			
Local sources:			
Charges for services	\$ 180,246	\$ 8,443	\$ 188,689
Operating expenses:			
Instruction:			
Purchased services	-	5,204	5,204
Other	-	60	60
	-	5,264	5,264
Support services:			
Purchased services	195	-	195
Non-instructional programs:			
Supplies	195,791	-	195,791
Total expenses	195,986	5,264	201,250
Operating income (loss)	(15,740)	3,179	(12,561)
Non-operating revenues (expenses):			
Interest on investments	3	31	34
Residual transfer of land sale proceeds	(28,615)	-	(28,615)
	(28,612)	31	(28,581)
Change in net assets	(44,352)	3,210	(41,142)
Net assets beginning of year	50,035	24,129	74,164
Net assets end of year	\$ 5,683	\$ 27,339	\$ 33,022

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

June 30, 2011

	Building and Trades	Adult Education	Total
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ -	\$ 8,456	\$ 8,456
Cash payments to suppliers for goods or services	(196,122)	(5,264)	(201,386)
Net cash provided by (used by) operating activities	(196,122)	3,192	(192,930)
Cash flows from non-capital financing activities:			
Increase in due to other funds	174,195	-	174,195
Residual transfer of land sale proceeds	(28,615)	-	(28,615)
	145,580	-	145,580
Cash flows from investing activities:			
Interest on investments	3	31	34
Net increase (decrease) in cash and cash equivalents	(50,539)	3,223	(47,316)
Cash and cash equivalents beginning of year	50,539	24,116	74,655
Cash and cash equivalents end of year	\$ -	\$ 27,339	\$ 27,339
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:			
Operating income (loss)	\$ (15,740)	\$ 3,179	\$ (12,561)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:			
(Increase) decrease in accounts receivable	(180,246)	13	(180,233)
(Decrease) in accounts payable	(136)	-	(136)
Net cash provided by (used by) operating activities	\$ (196,122)	\$ 3,192	\$ (192,930)

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR INTERNAL SERVICE FUNDS
 June 30, 2011

	Self-funded Health	Flex Plan	Total
Assets			
Cash and pooled investments	\$ 98,980	\$ 11,915	\$ 110,895
Liabilities			
None	-	-	-
Net Assets			
Unrestricted	\$ 98,980	\$ 11,915	\$ 110,985

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 NONMAJOR INTERNAL SERVICE FUNDS
 June 30, 2011

	Self-funded Health	Flex Plan	Total
Operating revenues:			
Local sources:			
Charges for services	\$ 1,169,838	\$ 74,610	\$ 1,244,448
Operating expenses:			
Instruction:			
Insurance premiums	1,033,793	-	1,033,793
Purchased services	37,065	80,654	117,719
	<u>1,070,858</u>	<u>80,654</u>	<u>1,151,512</u>
Operating income (loss)	98,980	(6,044)	92,936
Net assets beginning of year	<u>-</u>	<u>17,959</u>	<u>17,959</u>
Net assets end of year	<u>\$ 98,980</u>	<u>\$ 11,915</u>	<u>\$ 110,895</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR INTERNAL SERVICE FUNDS

June 30, 2011

	Self-Funded Health	Flex Plan	Total
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 1,169,838	\$ 74,610	\$ 1,244,448
Cash payments to suppliers for goods or services	(1,070,858)	(80,654)	(1,151,512)
Net cash provided by (used by) operating activities	98,980	(6,044)	92,936
Cash and cash equivalents beginning of year	-	17,959	17,959
Cash and cash equivalents end of year	\$ 98,980	\$ 11,915	\$ 110,895
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:			
Operating income (loss)	\$ 98,980	\$ (6,044)	\$ 92,936
Adjustments to reconcile income (loss) to net cash provided by (used by) operating activities:			
None	-	-	-
Net cash provided by (used by) operating activities	\$ 98,980	\$ (6,044)	\$ 92,936

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Life Touch	\$ (1)	\$ -	\$ -	(1)
Landscaping Project	(40)	-	-	(40)
Books & Buddies	182	-	-	182
FCCLA	1,477	2,384	2,730	1,131
Spanish	402	392	504	290
Marketing Club	1,792	2,310	2,087	2,015
High School Student Council	4,634	6,102	6,356	4,380
K-6 Book Club	11,034	16,791	11,525	16,300
7-12 Book Club	-	2,451	2,415	36
High School Annual	7,603	6,655	8,225	6,033
Color Guard	186	660	701	145
Cheerleading	6,566	17,011	20,751	2,826
Junior High Student Council	1,351	2,086	1,765	1,672
Junior High Yearbook	(139)	3,090	2,950	1
Elementary Yearbook	516	3,409	3,700	225
Hartford Store	568	906	530	944
Academic Enrichment	543	3,103	1,414	2,232
SADD	402	398	607	193
Elementary Enrichment	5,963	13,303	16,078	3,188
Middle School Enrichment	5,762	9,185	12,872	2,075
Class of '07	(233)	-	-	(233)
Class of '08	1,154	-	-	1,154
Class of '09	52	-	-	52
Class of '10	(184)	-	-	(184)
Class of '11	464	235	402	297
Class of '12	7	785	787	5
Class of '13	5	657	662	-
Class of '14	-	910	910	-
Interest	7,454	86	-	7,540
5-6 Band Concessions	748	-	-	748
Drama	2,096	-	671	1,425
Speech Club	(1,926)	-	-	(1,926)
Debate Club	1,654	640	1,460	834
High School Chorus	11,648	-	-	11,648
Musical Productions	5,218	4,931	3,328	6,821
7-12 Band	3,152	396	374	3,174
All Athletics	23,445	111,368	123,508	11,305
Basketball - Girls	54	8,293	8,336	11
Basketball - Boys	5,969	1,546	2,700	4,815
Soccer - Girls	1,269	950	615	1,604
Soccer - Boys	277	1,535	366	1,446

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Track - Girls	\$ 3,444	\$ 4,026	\$ 6,660	\$ 810
Track - Boys	2,251	5,353	7,576	28
Cross Country	1,624	3,949	5,563	10
Weightlifting	11,976	8,229	4,664	15,541
Football	19,007	31,610	37,567	13,050
Baseball	(852)	13,216	12,201	163
Wrestling	3,443	7,802	6,283	4,962
Volleyball	5,032	10,494	15,507	19
Softball	1,786	24,026	25,790	22
Y-Camp	9,509	9,171	16,670	2,010
Recycling/Fowler Habitat	1,100	-	-	1,100
Golf - Boys	(1,492)	3,998	2,725	(219)
Golf - Girls	(2,111)	4,416	2,801	(496)
MS Conservation Team	(96)	96	-	-
Character Counts	3,069	2,412	2,404	3,077
Culture Club	(4)	100	91	5
Prom	(2,912)	4,523	4,457	(2,846)
Adopt-A-Classroom	620	-	236	384
Middle School	3,943	14,749	12,106	6,586
Art Club - MS	(11)	948	929	8
Hartford Yearbook	1,718	1,032	640	2,110
Total	\$ <u>172,168</u>	\$ <u>372,718</u>	\$ <u>404,199</u>	\$ <u>140,687</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 Year Ended June 30, 2011

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash	\$ <u> - </u>	\$ <u> 1,262 </u>	\$ <u> - </u>	\$ <u> 1,262 </u>
Liabilities				
Due to Metro Area Superintendents	\$ <u> - </u>	\$ <u> 1,262 </u>	\$ <u> - </u>	\$ <u> 1,262 </u>

See accompanying independent auditor's report.

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CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS

	Modified Accrual Basis Years Ended June 30,			
	2011	2010	2009	2008
Revenues:				
Local sources:				
Local tax	\$ 6,494,784	\$ 5,642,664	\$ 5,605,083	\$ 5,183,840
Tuition	920,325	604,590	531,953	393,000
Other	1,067,275	716,657	636,030	791,989
Intermediate sources	-	10,000	10,000	27,291
State sources	10,574,939	9,259,561	10,382,655	9,940,194
Federal sources	846,035	1,533,433	235,843	278,604
Total revenues	<u>\$ 19,903,358</u>	<u>\$ 17,766,905</u>	<u>\$ 17,401,564</u>	<u>\$ 16,614,918</u>
Expenditures:				
Instruction	\$ 9,650,279	\$ 9,556,760	\$ 9,532,176	\$ 9,224,556
Support services:				
Student services	603,862	584,782	592,126	547,931
Instructional staff services	408,471	339,566	734,228	323,161
Administration services	2,091,204	2,095,597	2,052,331	2,101,225
Operation and maintenance of plant services	1,382,082	1,435,226	1,478,901	1,621,960
Transportation services	821,043	744,623	707,065	643,595
Other expenditures:				
Facilities acquisition	1,411,893	7,510,608	2,363,979	1,050,244
Long-term debt:				
Principal	958,250	933,250	792,500	520,000
Interest and fiscal charges	959,901	802,786	444,237	449,592
AEA flowthrough	688,857	665,706	615,532	571,154
Total expenditures	<u>\$ 18,975,842</u>	<u>\$ 24,668,904</u>	<u>\$ 19,313,075</u>	<u>\$ 17,053,418</u>

See accompanying independent auditor's report.

	2007	2006	2005	2004
\$	4,521,969	\$ 4,306,821	\$ 4,098,804	\$ 3,468,500
	390,632	304,523	300,814	275,641
	879,642	678,493	547,054	489,364
	-	-	-	-
	8,323,806	7,230,151	6,538,370	6,088,413
	740,735	202,446	197,467	181,777
\$	<u>14,856,784</u>	<u>12,722,434</u>	<u>11,682,509</u>	<u>10,503,695</u>
\$	7,763,185	\$ 7,174,229	\$ 6,637,400	\$ 6,283,706
	471,477	417,024	373,037	361,748
	356,783	381,665	378,376	411,663
	1,490,702	1,267,388	1,093,941	954,351
	1,146,121	1,013,038	905,034	784,602
	510,147	526,625	406,817	359,090
	7,527,550	2,562,007	3,788,085	739,320
	635,000	705,000	71,759	410,000
	520,221	110,891	415,600	30,309
	502,822	441,409	399,159	380,453
\$	<u>20,924,008</u>	<u>14,599,276</u>	<u>14,469,208</u>	<u>10,715,242</u>

CARLISLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 11	\$ 41,276
National School Lunch Program	10.555	FY 11	212,922
National School Lunch Program (non-cash)	10.555	FY 11	36,054
			<u>290,252</u>
U. S. National Endowment for the Arts:			
Iowa Arts Council:			
Promotion of the Arts - Partnership Agreements	45.025	FY 11	<u>200</u>
U. S. Environmental Protection Agency:			
Iowa Department of Natural Resources:			
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	FY 11	<u>11,796</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster Programs:			
Title I Grants to Local Educational Agencies	84.010	0981-G-11	86,389
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	RIB1910981	29,541
			<u>115,930</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 10	<u>3,854</u>
Fund for the Improvement of Education	84.215	FY 11	<u>318,700</u>
Advanced Placement Program	84.330	FY 11	<u>228</u>
Improving Teacher Quality State Grants	84.367	FY 11	<u>37,550</u>
Grants for State Assessments and Related Activities	84.369	FY 11	<u>11,577</u>

CARLISLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect (continued):			
U. S. Department of Education:			
Iowa Department of Education:			
State Fiscal Stabilization Fund Cluster Programs:			
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 11	\$ 75,716
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 10	5,265
ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	FY 11	67,099
			<u>148,080</u>
Education Jobs Fund	84.410	FY 11	<u>18,257</u>
Norwalk Community School District:			
Career and Technical Education - Basic Grants to States	84.048	FY 11	8,399
Career and Technical Education - Basic Grants to States	84.048	FY 10	1,123
			<u>9,522</u>
Heartland Area Education Agency:			
Special Education Cluster Programs:			
Special Education - Grants to States	84.027	FY 11	87,889
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 10	81,164
			<u>169,053</u>
Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	FY 11	<u>600</u>
English Language Acquisition Grants	84.365	FY 11	<u>580</u>
U. S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	FY 10	<u>109</u>
Total			<u>\$ 1,136,288</u>

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Carlisle Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Carlisle Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Carlisle Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated October 17, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carlisle Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carlisle Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Carlisle Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We noted no material weaknesses in internal control over financial reporting during the course of our audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carlisle Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Carlisle Community School District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Carlisle Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Carlisle Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Carlisle Community School District and other parties to whom Carlisle Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Carlisle Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
October 17, 2011

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education of
Carlisle Community School District:

Compliance

We have audited Carlisle Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Carlisle Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Carlisle Community School District's management. Our responsibility is to express an opinion on Carlisle Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carlisle Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Carlisle Community School District's compliance with those requirements.

In our opinion, Carlisle Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Carlisle Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Carlisle Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Carlisle Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We noted no material weaknesses in internal control over compliance with requirements applicable to major programs.

Carlisle Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Carlisle Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Carlisle Community School District and other parties to whom Carlisle Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
October 17, 2011

CARLISLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
 - CFDA Number 84.389 – ARRA – Title I Grants to Local Educational Agencies, Recovery Act
 - Clustered programs:
 - CFDA Number 84.027 – Special Education – Grants to States
 - CFDA Number 84.391 – ARRA – Special Education – Grants to States, Recovery Act
 - CFDA Number 84.215 – Fund for the Improvement of Education
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Carlisle Community School District did not qualify as a low-risk auditee.

CARLISLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

CARLISLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

CARLISLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-11 Certified Budget – Expenditures for the year ended June 30, 2011, did not exceed the amounts budgeted.
- IV-B-11 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-11 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-11 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Kathy Lane, spouse of Superintendent Tom Lane	Substitute teaching	\$6,887

In accordance with Chapter 279.7A of the Code of Iowa, the transaction appears to represent a conflict of interest since the cumulative amount was greater than \$2,500 for the fiscal year.

Recommendation – We understand that the limited availability of substitute teachers in the area contributes to the arm’s length status of the transaction. However, the District should consult legal counsel for an opinion on the situation.

Response – We will address this situation in the proper manner. We feel that the transaction represents an arm’s length agreement since Dr. Lane did not influence the hiring of his spouse.

Conclusion – Response accepted.

- IV-E-11 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-F-11 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-11 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- IV-J-11 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

CARLISLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting (continued):

- IV-K-11 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- IV-L-11 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	3,539,877	
Revenues:				
Sales tax revenues	\$	919,532		
Other local revenues		39,191		
School infrastructure supplemental amount		414,007		
Federal revenues		<u>318,700</u>		<u>1,691,430</u>
Expenditures/transfers out:				
School infrastructure construction		1,196,772		
Other		2,963		
Transfers to other funds:				
Other transfers		<u>913,925</u>		<u>2,113,660</u>
Ending balance			\$	<u><u>3,117,647</u></u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.